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SUBJECT: BELARUS WEEKLY POL/ECON REPORT - May 23, 2008

11. The following are brief items of interest compiled by Embassy Minsk.

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Civil Society

12. Malady Front Activists Fined and Sentenced To Jail

On May 20, an Ushachy district court fined Polotsk MF members Yekaterina Solovyova and Ales Krutkin 1,050,000 rubles (USD 490) each for distribution of illegally printed materials. In a separate case, on May 15, Malady Front (MF) leaders Artur Finkevich and Zmitser Dashkevich were each sentenced in absentia to 7 days in jail for their participation in a May Day demonstration. They learned of the sentences on May 19.

13. Minsk Authorities Ban Three Russian Channels

The private Cosmos TV cable television service provider was ordered on May 16 by Minsk city authorities to immediately halt broadcasting of three Russian channels after two of them showed a banned documentary about President Aleksandr Lukashenko. The company issued a notice to its clients that the channels would be no longer

available, and the Minsk city administration refused comment on the subject.

14. Police Disperses Opposition Rally

Over 50 opposition activists staged a rally in downtown Minsk on May 16 to express their support for political prisoners Aleksandr Kozulin, Andrey Kim, and Sergey Parsyukevich. The police dispersed the demonstrators, and no detentions were reported. United Civic Party leader Anatoly Lebedko, an event organizer, said that showing solidarity with the prisoners was not "the party's responsibility" but "a civic duty" for activists and pledged to continue with demonstrations.

15. Heritage Protection Group Evicted From Offices

On May 16, the Belarusian Society for Historic and Cultural Heritage Protection refused to follow what it called "illegal" eviction orders. The state-owned landlord refused to extend their lease agreement and required the NGO to vacate the premises by May 15. NGO chairman Anton Ostapovich linked the forced eviction to the NGO's "consistent and principled" commitment to protecting the national historic and cultural heritage. The landlord claimed that despite numerous warnings, the NGO failed to pay rent for the last three years.

16. Unauthorized Concerts To Be Administratively Punishable
President Aleksandr Lukashenko signed a decree on May 13 that introduces administrative liability for organizing concerts without a license issued by the GOB. The GOB explained that it aims to protect the rights of viewers and preventing performances "of poor artistic quality," as well as those that threaten moral values, public order, and freedoms of individuals. Civil society activists believe that the edict introduces persecution of the opposition for staging concerts to mark political events and anniversaries.

17. Vitebsk Independent Newspaper Denied Registration

On May 20, the Supreme Economic Court Presidium denied registration to the independent newspaper Vitebsk Kur'yer M once again. Legal advisor Pavel Levinov condemned the verdict saying that it forces the editorial board to print the newspaper in Smolensk (across the border in Russia). This will make its timely distribution problematic due to a history of frequent seizures by police.

----- Domestic Economy -----

18. 15.8 Percent Of Industries Finish First Quarter in the Red

According to Belapan news service, Belarus' Statistics Ministry reported May 19 that 15.8 percent (the total of 340) of the country's industrial enterprises experienced losses in the first quarter of 2008. Biggest losses were sustained by machine building, metal-cutting, light and food production businesses. Interestingly, only one enterprise of Belneftekhim conglomerate ended up in the red. In turn, highest profits were made by oil extraction, chemical and medical businesses.

19. Belarus Reports One Percent Unemployment as of May 1

Belarus Statistics Ministry reported that the country's unemployment as of May 1 was one percent of the economically-active population, which is 0.1 percentage point lower than a year ago. The Brest and Vitebsk regions had the largest unemployment rate of 1.4 percent, while Minsk had the lowest rate of 0.5 percent. Women accounted for 64 percent and people under 30 comprised 40 percent of the total number of unemployed. (Comment: the official figure of 47,100 registered unemployed Belarusians is considered to be artificially low, as it does not include hidden unemployment. End comment.)

10. Official Statistics Claim Belarusians' Income On The Rise

According to data posted by Belarus' Statistics Ministry, Belarusians' incomes in the first quarter of 2008 rose by 10.7 percent as compared with 2007. The average per capita income this year was the equivalent of USD 259 per month versus USD 207 a year

ago. The highest growth was registered in Minsk (15.9 percent) while the lowest was in Brest region (6.3 percent).

¶11. Belarus Received USD 2.1 Billion Foreign Investment in the First Quarter

According to the Statistics Ministry report, the productive sector of the country's economy received USD 2.1 billion worth of foreign investments in January through March, 1.7 billion more than a year ago. The biggest investments came from the UK (33.4 percent), Russia (25 percent), Switzerland (13.2 percent) and Austria (11.8 percent). Minsk received 54.5 percent of the investment, while the Vitebsk region secured the least (12.3 percent). Foreign direct investment accounted for 29 percent of all foreign investments and most of it came in the form of loans (54.7 percent). Belarus also received USD 872.2 million of portfolio investment, nearly three times more than last year. Its share, however, was only 0.04 percent of the total foreign investment this year.

----- International Trade -----

¶12. Belarus-Lithuania Trade on the Rise

On May 21, Belarusian Vice Premier Andrei Kobayakov told the Belarus-Lithuania economic forum that trade between the two countries amounted to USD 1 billion in 2007 and is likely to increase to USD 1.5 billion in 2008. Major areas of cooperation include transportation services, construction, road-side services, restaurant and hotel business, woodworking, tourism and ecology. Trade with Lithuania is critically important for Belarus, as Belarus shipped 6.5 million tons of cargo through Klaipeda sea port in 2007 with most of the cargo belonging to Belneftekhim businesses.

----- Quote of the Week -----

¶13. Commenting on the country's migration policies, MP Sergei Kostyan suggested that marriage to Belarusian citizens and residence in Belarus should only be allowed to those foreigners who speak Belarusian and know Belarus' history.

"If we give foreigners free entry, then in ten years, Belarus will turn from a Slavic and Orthodox country into a Muslim state. This means pogroms and illegitimate demands from them."

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